

1
2 CHICAGO INFRASTRUCTURE TRUST
3 BOARD MEETING
4 CITY OF CHICAGO
5

6 BOARD MEMBERS:

7 MR. JAMES BELL, Chairman
8 MS. DIANA FERGUSON (telephonically)
9 ALDERMAN JOHN POPE
10 MR. DAVID HOFFMAN
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18 September 27, 2012
19 10:00 a.m.

20 541 North Fairbanks Court
21 8th Floor Board Room
22 Chicago, Illinois
23
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CHAIRMAN BELL: Seeing that we have a quorum, I would like to call the meeting to order.

First I would like to thank all of you for participating with us in attending our third CIT meeting, and with that I'm going to jump right into the agenda in the interest of being mindful of everyone's time.

The first item on the agenda is the approval of the minutes. The Board all got a copy. It was sent to you. Do I have a motion?

MR. HOFFMAN: I move.

ALDERMAN POPE: Second.

CHAIRMAN BELL: All in favor?

(A chorus of ayes.)

Open Acts training. Now, I think you all know we have an obligation to get this done by November 1st. It's 90 days after we all get here. I don't know who has taken it, but I will show you, this is what the certificate of completion looks like.

MR. HOFFMAN: I see it's got your name

CHAIRMAN BELL: It's got my name on it.

1 I have taken it. It's a struggle. It's a
2 struggle getting in. It's a little time
3 consuming but you got to -- you have to go to
4 the home page and register first before they
5 will even let you into training, and then when
6 you go through it, you do have to sort of
7 dedicate an hour to get through it.

8 But actually it's pretty informative
9 so I would encourage us all to get it done as
10 quickly as possible. Obviously it's a
11 requirement to have it done at the end of
12 90 days, so November 1 is it.

13 ALDERMAN POPE: And, Chairman, we can
14 submit our records to you or --

15 CHAIRMAN BELL: Why don't you get them
16 in to Diana and she can just have copies of all
17 of them, and maybe -- I don't know if we should
18 put them in the minutes or what or post them on
19 the website. We'll figure out what to do with
20 them, but first and foremost let's get the
21 training done and the certificates in and we'll
22 figure out how we want to deal with it.

23 Officers and directors insurance,
24 that's still an item open. We haven't made much

1 progress on it yet. I don't know, Diana, if you
2 have had any other contact with the person in
3 the City on this or not. I know I have not. So
4 if you have, you can comment.

5 MS. FERGUSON: I did not.

6 CHAIRMAN BELL: Okay. Then I think in
7 our next meeting -- between now and our next
8 meeting we'll try to make some more headway on
9 that and we will report out on what our status
10 is.

11 The status of the application for
12 the 501 status, is that what you're working on,
13 David?

14 MR. HOFFMAN: So let me introduce Henry
15 Kleeman who is a partner at Kirkland & Ellis and
16 I think this has been discussed at prior
17 meetings. We are fortunate that we have one of
18 the nation's premier law firms, a competitor of
19 our law firm, but a law firm that's one of the
20 greatest in the country, Kirkland & Ellis, who's
21 providing work for us pro bono.

22 So we really appreciate it. Scott
23 Falk and Henry and I have been spending time on
24 the phone together getting some of these

1 preliminary documents in place. I want to
2 express publicly what I've said to them over the
3 phone, how much I appreciate their time and work
4 on these matters.

5 And so I know that the -- they spoke
6 to the prior counsel to get up to speed about
7 what had or had not been done on 501(c)(3) and
8 I'll let Henry speak for himself, but I think
9 the very, very short answer is that that process
10 is just starting.

11 MR. KLEEMAN: That process is just
12 starting.

13 MR. HOFFMAN: So therefore, you know,
14 that's something that needs to be checked off in
15 terms of 501(c)(3). There are -- and I think,
16 you know, this issue is something that can be
17 discussed over the next -- you know, until the
18 next meeting, but the Steve Berlin issue of
19 whether we are a city agency or not, you know,
20 the ordinance says we're a not-for-profit
21 company. When you apply to the IRS you're
22 applying to the IRS because you're a
23 non-for-profit company.

24 If you are a public agency, you're

1 not a non-for-profit company. So, you know,
2 this to me is something that is kind of a
3 collateral issue and I think will be worked
4 out, but that's the answer on the upcoming IRS
5 application.

6 CHAIRMAN BELL: Thank you, David. And
7 welcome.

8 Retrofit Chicago update, is that
9 going to be you, Scott?

10 MR. YONOVER: Yes. Mr. Chairman, Board
11 Members, I'd like -- on behalf of the City, I
12 would like introduce Courtney Shea. She is the
13 City's financial advisor from Acacia.

14 To give you an update, we are
15 accelerating our sequence of meetings. We are
16 having biweekly meetings to sift through what
17 our projects -- what we're going to be bringing
18 to the Trust for consideration.

19 We've got early drafts of proposed
20 projects and we're trying to make them -- a
21 financial analysis of each project in terms of
22 the energy savings consistent so it's
23 understandable to both the Board as well as
24 investors so we can ensure the outside investors

1 interest into the data room of these projects,
2 and we're going to bring them to you in the not
3 too distant future, but we're trying to make
4 sure that our data is accurate.

5 CHAIRMAN BELL: All right. Any
6 comments, questions of Scott?

7 (No response.)

8 We'll wait to hear back as you guys
9 continue to move forward on that process.

10 The next item of business is our
11 financial reports, and the first on that list is
12 the approval of the grant agreement.

13 David, I'll let you lead that
14 discussion.

15 MR. HOFFMAN: So our lawyers from
16 Kirkland have talked to the City lawyers. There
17 were some adds made to these grant agreements
18 and we've been advised by Kirkland that they are
19 comfortable.

20 Do you want me to turn it over to
21 you, Henry, to say anything?

22 MR. KLEEMAN: I was going to say what
23 you were about to say, David. We're very
24 comfortable with it. I've spoken to I know

1 Scott, to you, James, and I spoke with David.

2 We're ready to go.

3 CHAIRMAN BELL: I think let me say what
4 we're concerned with. There are some of the
5 standard Ts and Cs that are for standard
6 grantees and we weren't sure that fit us as well
7 as we'd like, and then David and Kirkland &
8 Ellis looked at it and they think that it's okay
9 for us to keep those in. We don't view that to
10 be an issue for us.

11 MR. HOFFMAN: You know, frankly this is
12 a grant agreement that covers the money that we
13 can use for the next few months. It turns out
14 to be a pretty narrow window and issue.

15 And, you know, the ordinance and the
16 bylaws are the things that govern who we are and
17 what we do, and so as advised by Kirkland we're
18 comfortable frankly because we don't think it
19 changes anything whatsoever in terms of our
20 ability to do anything.

21 CHAIRMAN BELL: All right. So do we
22 have a motion?

23 ALDERMAN POPE: So moved.

24 CHAIRMAN BELL: Second?

1 MR. HOFFMAN: I second.

2 CHAIRMAN BELL: All right. All in

3 favor?

4 (A chorus of ayes.)

5 Let the record show we approved the
6 grant agreement.

7 Establishment of the bank account.

8 Diana, I don't know if you have had a chance to
9 do more work on that yet or not.

10 MS. FERGUSON: Yeah. I will advise
11 Board on where we are. At first I'll just take
12 a second to introduce Tom Morsch who's in the
13 audience from Public Financial Management. He
14 is the Managing Director of Public Financial
15 Management.

16 PSM is a nationally renowned
17 financial adviser that has graciously agreed to
18 work for the Trust on a pro bono basis.

19 So following up on the discussion we
20 had at the last meeting, I have had several
21 conversations with PFM. Given the importance of
22 having a competitive process to establish our
23 bank account, PFM has drafted a brief RFP to go
24 out to a handful of banks with emphasis on

1 trying to get a local, potentially minority
2 bank, if we can find one, that's able to do the
3 scope of work that we are interested in.

4 So that should be out in the next
5 couple of days and hopefully at the next meeting
6 we'll have a recommendation on the selection of
7 a bank.

8 Tom, if you want to add anything to
9 that, please feel free.

10 CHAIRMAN BELL: Tom is shaking his head
11 no.

12 MR. MORSCH: I think that's great,
13 Diana. Good summary.

14 CHAIRMAN BELL: All right. Thank you.
15 Questions?

16 ALDERMAN POPE: Chairman, do we have a
17 copy or access to a copy of the RFP once it's
18 complete?

19 MR. MORSCH: Absolutely. Diana, as she
20 has indicated, is reviewing the draft. I'm sure
21 she'll circulate that to you to take a look at
22 it.

23 ALDERMAN POPE: Thank you.

24 CHAIRMAN BELL: That's before it goes

1 out. The Board will have to approve it and be
2 comfortable with it.

3 ALDERMAN POPE: Thank you.

4 MR. HOFFMAN: Let me welcome Tom and
5 PFM. This is I think the first time they have
6 appeared here. As with Kirkland, I think it's a
7 really good boost for us and the process that we
8 have an advisor on the financial front that,
9 number one, is very experienced in this area,
10 and, number two, in my mind, just as
11 importantly, is committed to advice relating to
12 our independence and to being a truly
13 independent advisor. You know, that's along the
14 lines of what they do and what they are.

15 But I know we all believe that for
16 us to be successful that having that
17 independence and having experienced advisors who
18 will help us to achieve that independence and
19 get independent guidance is very important.

20 So, you know, I know Tom and I know
21 Julia who are going to -- among other people,
22 who are going to work on this.

23 And as it relates to both Retrofit
24 Chicago and future projects, I think it's a

1 great boost for us that we're going to be able
2 to rely on them for independent advice, and I
3 appreciate the continuing updates from the City,
4 Scott, Lois' office on what they're thinking
5 about and the actions they are taking internally
6 on Retrofit Chicago, all of which assumes that
7 at some point we will have some sort of more
8 substantive discussion publicly about what makes
9 sense and from the beginning of whether as a
10 project it makes sense and what the experience
11 is around the country and the world of people
12 who have done this kind of private financing of
13 retrofit.

14 And in that regard I think Tom and
15 PFM will be a great independent leader for us in
16 sort of allowing us to publicly talk about, you
17 know, where the risk areas are and what makes
18 sense.

19 So preliminary comments to say
20 welcome and glad you're on board.

21 MR. MORSCH: Thank you, David.

22 CHAIRMAN BELL: Thank you, David, and I
23 echo those comments. Also I just want to
24 acknowledge the fact that these two fine

1 companies, along with Spencer Stuart who's our
2 executive search, have stepped up to do this pro
3 bono.

4 They really have a keen interest in
5 the City and helping the City to be the best
6 that they can be, and so the Board really wants
7 to acknowledge that and express our appreciation
8 for you doing this pro bono. So thank you very
9 much.

10 Any other comments?

11 (No response.)

12 Let's move on to the status of our
13 search for the executive director. As I
14 mentioned in our last meeting, Spencer Stuart
15 has decided -- has agreed to provide -- to do
16 that search for us on a pro bono basis.

17 I have met with Spencer Stuart a
18 week ago Friday. We spent a lot of time going
19 through the job description that we have put
20 together and we've shared publicly with all here
21 and the general public.

22 We started talking about how can
23 they put more specifics to that in order to
24 really go out and conduct this search, and

1 they're in the process of doing that, putting it
2 in their format.

3 I think, as you know, Spencer Stuart
4 has a far wide stretching reach, not only here
5 in the City of Chicago, they have offices
6 globally. Clearly we talked about the fact that
7 this -- we wanted to follow the best practices
8 that the City had provided us in our discussions
9 several months ago, and I gave them that list
10 and they assured me they could do that, but the
11 fact is they will have the wide reach to really
12 get this thing out publicly.

13 Now, we talked a lot about, you
14 know, what's our process going to be, and the
15 Board really hasn't completely decided that.
16 Obviously they've authorized me to go out and do
17 the initial -- work the initial effort with
18 Spencer Stuart, but once they get a job
19 description and once we get an idea of what the
20 market looks like, I will bring that back to the
21 Board so we can be all comfortable that we're
22 heading in the right direction.

23 The other thing I've asked them to
24 do and they are working on is one, give me a

1 timeline on what it's going to look like to
2 conduct this search and complete it in the way
3 and in the manner we want it done, and so they
4 owe that to us and they are working on it.

5 The other thing I have no idea what
6 the compensation should be for this position,
7 and I've asked them to provide some data that
8 would allow us to, you know, evaluate that
9 appropriately. I did tell them we don't want to
10 pay them more than we pay the Mayor, but other
11 than I didn't give them much guidance.

12 So they are in the process of trying
13 to pull together comparable compensation data
14 for positions that they think that this one
15 probably would fit in conceptually and the space
16 it would fit in. So they're going to work on
17 that. So I expect to get that from them
18 sometime in the near term.

19 Anyway, that is the sum and
20 substance of the progress on the executive
21 search. Any questions?

22 MR. HOFFMAN: Will we be able to see
23 the job description assuming it's edited before
24 it gets finalized?

1 CHAIRMAN BELL: Absolutely. I want to
2 bring it back -- as I said, I want to bring it
3 back to the Board. It's the job description,
4 you know, how far and wide reaching the search
5 should be, what the compensation looks like.

6 I think the Board needs to be
7 comfortable with all of that. And then how do
8 we -- you know, how do we -- and they're looking
9 at how do they post it so we are comfortable
10 with the most public exposure.

11 So before we go out, once they give
12 me the timeline and all that information, I'm
13 bringing it back to the Board so we can all be
14 comfortable that that's the right approach and
15 before I give them the okay to go out and do it.

16 Other questions?

17 (No response.)

21 MR. HOFFMAN: Well, I covered it
22 mostly. I think the update is that Kirkland is
23 on board, that they worked on the grant
24 agreement, that they are taking a look at -- and

1 they really jumped into this. I would say that
2 was maybe a couple of weeks ago when it started.
3 So I think our hope is that by the next meeting,
4 whenever that is, that some of these other
5 documents, including the conflict of interest
6 policy and some I would classify them as
7 relatively minor, but some recommendations I
8 think they have to clean up some mistakes in the
9 bylaws.

10 Those are the two things along with
11 the IRS application that are on the table, and
12 there's a continuing discussion regarding this
13 Board of Ethics statement about our being a City
14 agency. Those are I think the agenda items
15 relating to the legal issue.

16 CHAIRMAN BELL: You might want to
17 mention, David, that we got a pretty extensive
18 rewrite of the conflict of interest policy, and
19 that's why it's going to take us a little longer
20 to work our way through it.

21 MR. HOFFMAN: Right. I mean, the Board
22 of Ethics asked to be involved. They very late
23 last week had some significant suggestions that
24 assume that we're a City agency and not a

1 non-for-profit agency, and frankly I think that
2 while that's -- I can understand intellectually
3 that issue, and there should be clarity and
4 consistency on that, which in my mind has
5 already been provided by the ordinance, at the
6 end of the day I'm not sure it's going to make
7 much difference in terms of what the substantive
8 terms of the conflict policy are, but in terms
9 of the language that's used and how that relates
10 to the City ordinances, we have to get that
11 right.

12 And frankly we have, you know, some
13 time because obviously we don't have deals in
14 front of us, so we have the time to get it right
15 and the time frame of that is probably right
16 around the next meeting.

17 CHAIRMAN BELL: Thank you very much,
18 David.

19 Diana, would you like to introduce
20 the topic of where we are with our advisors?

21 MS. FERGUSON: Sure. Thank you,
22 Mr. Chairman.

23 In addition to the first priority
24 which we talked about already in terms of

1 establishing a banking relationship, the scope
2 of work that we have discussed with our pro bono
3 financial advisor really falls into a total of
4 four areas.

5 The first being establishing our
6 banking relationship, and in that regard, as I
7 mentioned, we are doing some benchmarking with
8 kind of comparable entities to make sure that we
9 are soliciting for best practices in our RFP
10 process.

11 The second area is really helping
12 the Board develop our knowledge base in terms of
13 reviewing and cataloging all proposals or deals
14 that come before us even in their preliminary
15 state to evaluate or just keep a catalog of
16 everything that someone might think is -- might
17 be of interest to the Board in the future so
18 that we get familiar with the types of
19 transactions that we might be asked to
20 consider.

21 In terms of the third area would be
22 helping us with our -- maintain our
23 communications and outreach to financial
24 partners, benchmarking again with best practices

1 the types of transactions that are out there,
2 building our knowledge around investor
3 preferences, transactions, different sources of
4 what types of preferences different investors
5 might have and parameters we might be expected
6 to consider.

7 And then fourth and finally only as
8 a specific deal comes before us with maybe, as
9 David mentioned, our independent advisor and
10 due diligence provider on any specific
11 transaction.

12 So that's the scope that we have
13 talked about so far, and again Tom is here to
14 add to that or answer questions from the
15 Committee.

16 CHAIRMAN BELL: Tom, would you like to
17 add anything?

18 MR. MORSCH: No, I think that's a good
19 summary. We've kicked off a dialogue with Scott
20 in the CFO's office to kind of begin that
21 communication and make sure that's established,
22 and the data and information, get that flowing
23 back and forth, so I think we're off to a good
24 start there and anticipate being back to the

1 Board with more information as well.

2 CHAIRMAN BELL: Thank you.

3 MR. HOFFMAN: One comment.

4 Mr. Yonover, I understand that -- you know, to
5 echo something that Tom just said, we're
6 transitioning, right, to sort of being a fully
7 functional independent thing, and before that
8 has happened you and the CFO's office have
9 played and continue to play a very important
10 role in support.

11 While that will continue, obviously
12 this is moving with our own counsel and
13 financial advisors. Just a note of
14 encouragement to something I know will happen
15 anyway, to make sure that when there are
16 requests from the independent advisors and from
17 anyone else associated with us for information
18 and stuff that you have received that whatever
19 you can do to get that to them as quickly as
20 possible, we would appreciate it.

21 MR. YONOVER: That's our goal.

22 MR. HOFFMAN: Thank you very much.

23 CHAIRMAN BELL: Thanks. Any other
24 comments?

1 (No response.)

2 Okay. Then let's talk about these
3 meeting dates. You know, we got three other
4 meetings scheduled for this year, and obviously,
5 you know, we haven't -- we really set this
6 monthly meeting rhythm so that we could start
7 getting our financial advisor in place, our
8 legal support in place and get the executive
9 search off, and now I think we have gotten off
10 to a good start there.

11 As you can see with the speed of
12 this meeting that's taking place, I'm not sure
13 that we're going to need to have three more
14 meetings before the end of this year, so we need
15 to think our way through that.

16 I don't know if we want to set one
17 of these dates like the 23rd and see where we
18 are and then decide on the other two at that
19 point, but I would obviously like input from the
20 other Board Members, but clearly I don't think
21 we're going to have enough to update ourselves
22 or the public on in the ensuing months before
23 the holidays that will require three meetings.
24 What do you all think?

1 ALDERMAN POPE: Chairman, I would tend
2 to agree. I think this meeting is moving rather
3 quickly. I think scheduling a meeting another
4 month out would be appropriate in light of the
5 holidays. Should we need another one prior or
6 two or three, I think we can do so at that
7 point.

8 MR. HOFFMAN: I agree, although I think
9 for calendar purposes it would make sense to, if
10 we can, I know that Jorge is not here, but to
11 maybe tentatively choose a different date now.
12 We were looking at the November and December
13 dates. They are both right around the holiday
14 time and we have a sense that we may not need
15 three meetings this year.

16 What if we pick now tentatively
17 subject to Jorge's calendar a meeting that was
18 in the first two weeks of December? I'm
19 thinking people are more likely to be here. And
20 instead of having three meetings for the rest of
21 the year, that means we have two. That would be
22 during the weeks of December 3rd or 10th.

23 And I would start the bidding with
24 December 6th.

1 CHAIRMAN BELL: Hopefully everyone is
2 trying to get into their calendars.

3 December 6th I am here, believe it or not.

4 Diana, how does that work with you?

5 MS. FERGUSON: December 6th in the
6 morning is fine, and also October 23rd I agree
7 that we can call that meeting and it's on my
8 calendar.

9 ALDERMAN POPE: December 6 is fine for
10 me, Chairman.

11 CHAIRMAN BELL: And the 23rd is still
12 good?

13 ALDERMAN POPE: Yes, sir.

14 CHAIRMAN BELL: Why don't we vote to
15 have those two as our two meeting dates for the
16 remainder of 2012 and then we got to work on
17 2013. Diana can't make any of them and that's
18 not a good thing. She has another board she's
19 on that those meetings are on those exact same
20 dates. It's not something she can call in on
21 and work our way through. I would rather us
22 table that and then figure out if we can get
23 other dates that she can make.

24 MR. YONOVER: Mr. Chairman, I'll throw

1 some more dates out to the Board and we can go
2 from there with Diana.

3 CHAIRMAN BELL: Sounds good. Can I
4 have a motion on what we just said which means
5 we're going to defer the 2013 dates and have the
6 remaining meeting dates in '12 to be
7 October 10th and December 6th?

8 ALDERMAN POPE: October 10th?

9 CHAIRMAN BELL: Excuse me,
10 October 23rd, I'm sorry, and December 6th.

11 ALDERMAN POPE: Seconded.

12 CHAIRMAN BELL: All in favor?

13 (A chorus of ayes.)

14 MR. HOFFMAN: At 10:00 a.m.?

15 CHAIRMAN BELL: At 10:00 a.m.

16 MR. HOFFMAN: Do you know if they are
17 going to be here or at the Cultural Center or is
18 that to be determined?

19 MR. YONOVER: Where it's at will be
20 determined. We'll let everyone know because of
21 the availability of the Cultural Center.

22 CHAIRMAN BELL: Okay. Any other
23 discussions on that?

24 (No response.)

1 Other business? Do we have any
2 other business that we didn't have identified on
3 the agenda that we want to bring forward now?

4 (No response.)

5 Not hearing any, then let's move to
6 the public comment section. Do we have any
7 folks from the public that would like to offer
8 comments?

9 (No response.)

10 Well, not hearing any, I think we
11 are in adjournment. Thanks everyone for their
12 time. Diana, have a safe flight.

13 MS. FERGUSON: Thank you. See you all
14 soon.

15 (Which were all the
16 proceedings had in the
17 above-entitled cause.)

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1 STATE OF ILLINOIS)

2) SS:

3 COUNTY OF COOK)

4 I, MARI BETH KAWULIA, a Certified
5 Shorthand Reporter of the State of Illinois, do
6 hereby certify that I reported in shorthand the
7 proceedings had at the arbitration aforesaid,
8 and that the foregoing is a true, complete and
9 correct transcript of the proceedings of said
10 arbitration as appears from my stenographic
11 notes so taken and transcribed under my personal
12 direction.

13 IN WITNESS WHEREOF, I do hereunto set my
14 hand at Chicago, Illinois, this 11th day of
15 October, 2012.

16
17
18 _____
19 MARI BETH KAWULIA

20 C.S.R. No. 084-2873
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